

**BETHLEHEM AUTHORITY
BETHLEHEM, PA**

MINUTES OF REGULAR MEETING

MARCH 9, 2006

The regular meeting of the Board of Directors of the Bethlehem Authority was held on March 9, 2006, in Room 504, City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:01 PM by Chairman Richard Master, with the following in attendance:

BETHLEHEM AUTHORITY

James L. Broughal, Solicitor
David T. DiGiacinto, Vice Chairman
Mark P. Jobes, Assistant Secretary/Treasurer
Michael A. Keyock, Treasurer
Richard L. Master, Chairman
Daniel L. Meixell, Special Police Officer
Sandra L. Reppert, Administrative Assistant
John J. Tallarico, Jr., Secretary

CITY OF BETHLEHEM

Jeffrey Andrews, Superintendent, Water Supply and Treatment
Jean Belinski, Councilwoman
David Brong, Director of Water and Sewer Resources

THE BETHLEHEM PRESS

Greg Rogers

THE EXPRESS TIMES

Kurt Bresswein

THE MORNING CALL

Nicole Radzievich

On a motion by Mr. DiGiacinto, seconded by Mr. Keyock, the minutes of the regular meeting held February 9, 2006, were approved unanimously by voice vote.

REPORT OF THE CONTROLLER

Mr. McDonald's report for the month ended February 28, 2006, as filed in the Board book, was accepted without comment. He noted Mr. DiGiacinto contacted him last month concerning the interest earnings on investments in the Authority's funds. His report now contains the current interest rates that all the investments (PLGIT, CD's, money markets, etc.) in all the funds are earning. He specifically referenced the Debt Service Reserve Fund, in which there is \$5 million in government bonds. The interest on these bonds will be credited at maturity (May, 2006), and presently this amounts to \$141,765.38.

Mr. McDonald has all the information he needs to begin the work on the 2005 audit.

COURTESY OF THE FLOOR AND RECOGNITION OF VISITORS

Mr. Master recognized Councilwoman Jean Belinski; Mr. Dana Grubb, Bethlehem resident; Dr. David McGuire, representing the Sierra Club, Lehigh Valley Chapter; Mr. Bud Cook of The Nature Conservancy, Long Pond, PA; Mr. Stephen Antalics, Bethlehem resident; Mr. David Brong and Mr. Jeffrey Andrews of the City of Bethlehem; Mr. Jim White and Mr. Richard Reinhart, Upper Saucon Township residents.

Dr. McGuire questioned the Board on the following issues, and they will be answered later in the meeting:

1. Status of potential land sale to Lehigh County.
2. Plans for herbicide spraying and timbering in 2006.
3. Plans for land sales in the watershed.
4. Obtaining copy of Growing Greener Grant application.
5. Water testing at Tunkhannock Creek intake prior to and following herbicide spraying.

Mr. Jim White, Upper Saucon Township Supervisor, and Mr. Richard Reinhart, a resident of 3944 Oakhurst Drive, Center Valley, approached the Board concerning numerous water line breaks over the past 18 months and asked if consideration can be given, at some point in time, to do maintenance work or water main replacement. Mr. White has had many conversations with Mr. Brong concerning this matter and is available anytime to meet. Mr. Reinhart indicated every time there is a water outage, not only is it an inconvenience to households, but it could pose danger in the event of a fire emergency.

Mr. Brong indicated this is a long stretch of an old main. Due to the I-78 construction, that part of the system is no longer looped and problem areas cannot be isolated. The City is aware of the problems and is working on possible solutions.

REPORT OF THE CHAIRMAN

Update on Executive Director Search. Mr. Salvesen's last day of employment with the Bethlehem Authority is April 12, 2006, pursuant to a separation agreement. There have only been two responses to the newspaper ads - not a sufficient amount of to conduct interviews. Mr. Master suggested using a local headhunter, and will get proposals to present at next month's meeting. Councilwoman Belinski questioned if the position will revert back to part time, but was informed it would remain full time.

Mr. Tallarico suggested continuing searching through City's Human Resources Department, such as placing ads in municipal publications (PMAA, International City Managers Assoc., Monster).

REPORT OF THE VICE-CHAIRMAN

Nothing to report.

REPORT OF THE SOLICITOR

Nothing to report.

REPORT OF THE CONSULTING ENGINEER

Schoor DePalma's report, as filed in the Board book, was accepted without comment.

REPORT OF THE BETHLEHEM AUTHORITY SPECIAL POLICE

Officer Meixell's report, as filed in the Board book, was accepted without comment.

Officer Meixell remains in contact with Pocono Mountain Regional Police and the PA Game Commission concerning cherry tree thefts in Monroe County. These thefts did not occur on Authority property.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Salvesen's report, as filed in the Board book, was accepted without comment.

REPORT OF THE EXECUTIVE DIRECTOR

Growing Greener Grant. The Growing Greener Grant application was submitted to DEP on March 3, 2006, and focuses mainly on any impact spraying might have on the streams, and also water flow during various times of the year on the Tunkhannock Plateau. Mr. Bud Cook of The Nature Conservancy said they will endorse our application. Interested parties may obtain a copy of the application by contacting the Bethlehem Authority office.

WATER REPORT

The Water Report, as filed in the Board book, was accepted without comment. The reservoirs are at 99.61% capacity and the average influent to the filtration plant was 15.46 MGD for the month of February, 2006.

REPORT OF DIRECTOR OF WATER AND SEWER RESOURCES, CITY OF BETHLEHEM

At February 28, 2006, water fund net income is ~\$160,000.00 (compared to a ~\$630,000.00 net loss at February 28, 2005) and the City is ~\$70,000.00 ahead of its invoicing plan.

Construction at the water filtration plant has begun. The media from the first filter has been removed and the false floor and underdrain system are in the process of being removed. This first filter should be completely rebuilt by April and four more filters complete by mid-July. Work on the remaining five filters is planned to begin in August.

APPROVAL OF BILLS

Mr. Master presented Resolution 263, Approval of Bills, to the Board for consideration and approval.

On a motion by Mr. Tallarico, seconded by Mr. Keyock, Resolution 263 was approved unanimously by voice vote.

NEW BUSINESS

None.

OLD BUSINESS

Ratification of CD Reinvestment. Mr. Master reviewed the competitive bid for the Embassy Bank CD in the amount of \$2,204,876.36 that matured on March 1, 2006. Eleven financial institutions were solicited in a competitive bid process for a six month fixed-rate CD. The highest rate quoted was by Commerce Bank – 4.98%.

On a motion by Mr. DiGiacinto, seconded by Mr. Jobes, the six month CD investment with Commerce Bank was approved unanimously by voice vote.

Economic Summit. The Economic Summit meeting scheduled for March 8, 2006, was cancelled. The participants scheduled were to be two Bethlehem Authority members, two Bethlehem City Council members (President and Finance Committee Chair), two City Administrators (Mayor and Business Administrator), and the financial advisors for the Authority and the City. The City Council solicitor issued an opinion that blocked Council's participation. It was conveyed that the mere possibility of financial proposals being presented could be misconstrued, and that an open forum is more appropriate to comply with Sunshine laws. The original purpose of the meeting was to present our financial projections and seek out acceptable opportunities to raise capital to meet the future cap ex of the water system. We need to seek another avenue to communicate with City Council.

Councilwoman Belinski suggested the Bethlehem Authority could attend a Finance Committee meeting (next scheduled is March 15) a regular City Council meeting, or request a Committee meeting of the whole.

Mr. DiGiacinto noted that for years, the Bethlehem Authority has funded the City in various ways and for numerous reasons. The Authority is at a point where it has very little room left to maneuver money around. This should not be a discussion about selling assets to create more money for the City to plug gaps. The City should be looking harder at what it can do to cut its budget and expenses, or reduce its debt. The Authority did not create the debt. The City uses the Authority to hold the debt, oversee the assets it owns (related to the debt), and to assist in maintaining financial stability. We need to make sure the fund levels are maintained to insure financial independence and continuity.

After lengthy discussion, it was decided our solicitor, Mr. Broughal, will contact the City Council solicitor for them to propose some type of discussion without violating any Sunshine Laws, either public or private, before going to the public with recommendations.

Forestry Update. Mr. Master and Mr. Tallarico met with Don Oaks. Timbering in the watershed will not be a profit generator and is far short of what was envisioned years ago. There are two planned timberings in 2006. The Hypsy Gap sale in May will mostly clear undesirable foliage and bring very little revenue (Stands 120, 125, 126). The Stand 50 sale could realize ~\$100,000.00; however, with the cost of fencing (~\$41,000.00), spraying (~\$19,000.00) and professional fees, the net timbering revenue would be ~\$20,000.00. The right-of-way issue to Stand 50 needs to be resolved. Mr. Broughal will meet with Mr. Oaks on this and other contract matters (spraying, timbering).

Forestry Update. Looking forward:

- 2007 – Timbering revenues of ~\$49,000.00 (no spraying; fencing costs of ~\$43,000.00)
- 2008 – Timbering revenues of ~\$29,000.00
- 2009 – Timbering revenues of ~\$38,000.00
- 2010 – Timbering revenues of ~\$400,000.00 (major cherry timbering)
- 2011 – Timbering revenues of ~\$165,000.00
- 2012 – Timbering revenues of ~\$130,000.00

Dr. McGuire requested timely advisement of the next spraying in the watershed and which chemicals will be used. He also suggested the City test water samples taken before and after spraying.

COURTESY OF THE FLOOR.

Mr. Antalics commented the newspapers should have a column printed daily listing all municipal meetings and events.

Mr. Master commented on the status of the land sale to Lehigh County. There is ongoing talk between the parties and it's just a matter of time.

ADJOURNMENT

On a motion by Mr. Keyock, seconded by Mr. DiGiacinto, and approved unanimously by voice, the Board adjourned its regular meeting at 4:27 PM.

John J. Tallarico, Jr., Secretary